

CODEL LYNCH

April 3 – April 11, 2009



FINAL REPORT

DELEGATION MEMBERS

Rep. Stephen F. Lynch

Democrat, (MA-09)

Rep. Bob Inglis

Republican, (SC-04)

Maj. Michael Avey

U.S. Army Liaison

Msg. Quintin Waterman

U.S. Army Liaison

Ms. Leah Perry

Senior Counsel, Committee on Oversight & Government Reform

Mr. Brien Beattie

Professional Staff Member, Committee on Oversight & Government Reform

Mr. Bruce Fernandez

Professional Staff Member, Committee on Oversight & Government Reform

Legislative Director, Rep. Lynch

COUNTRIES/REGIONS OF INTEREST

- 1) Syrian Arab Republic
- 2) State of Israel
- 3) The Gaza Strip
- 4) Republic of India
- 5) Kingdom of Morocco

MISSION STATEMENT

Pursuant to the authorization of Chairman Edolphus Towns and Ranking Member Darrell Issa of the Committee on Oversight and Government Reform, and with the consent of Secretary of State Hillary Rodham Clinton and Secretary of Defense Robert Gates,

CODEL Lynch traveled to Syria, Israel, the Gaza Strip, India, and Morocco from April 3 through April 11, 2009.¹

During its official business in Syria, CODEL Lynch examined issues pertaining to U.S. national security, U.S.-Syria bilateral relations, and the status of Iraqi refugees in the region. In addition, the CODEL's official business in Israel and the Gaza Strip included an assessment of the political and security environment in Israel as well as the progress of humanitarian relief efforts in the Gaza Strip. Furthermore, the CODEL examined homeland security, human rights, and women's labor issues in India, including the progress of efforts to enhance the country's rail security safeguards in light of repeated railway-related terrorist attacks and non-profit organizational efforts to address the plight of the rag pickers union of poverty-stricken women and child laborers.

Throughout its official business, the CODEL also examined the advancement of regional efforts to combat terrorist financing and money laundering, through a series of coordinated meetings with U.S. and foreign government officials, as well as private banking sector representatives.² Notably, the CODEL's official visit to Rabat, Morocco, coincided with the inauguration of Morocco's new Financial Intelligence Unit, a national agency responsible for collecting, analyzing, and sharing financial intelligence with appropriate law enforcement, intelligence, and regulatory agencies.

In the interest of producing a report which may be of value to both the Administration and Congress, the following attempts to present and emphasize the consensus findings of Mr. Lynch and Mr. Inglis.

I. Syrian Arab Republic

Meeting with President Bashar Al-Asad

During its official business in Syria, the CODEL sought to examine issues of importance to U.S. national security and U.S.-Syria bilateral relations. To this end, the CODEL, accompanied by United States Chargé D'Affaires, Maura Connelly, met with Syrian President Bashar Al-Asad, Syrian Foreign Minister Walid Al-Muallim, and Syrian presidential advisor on political and media affairs, Bouthaina Shaaban, at the Presidential Palace in Damascus on April 5, 2009. The CODEL's Syria visit came on the heels of

¹ See Attachment A (3/25/09 Letter from Chairman Towns to Secretary Hillary Rodham Clinton) & B (3/25/09 Letter from Chairman Towns to Secretary Robert Gates).

² Rep. Lynch currently serves as Co-Chair of the House Task Force on Terrorism & Proliferation Financing.

notable March 2009 meetings in Syria between U.S. Acting Assistant Secretary of State for Near Eastern affairs (and former U.S. Ambassador to Lebanon), Jeffrey Feltman, National Security Council Middle East Director Daniel Shapiro, and high-level Syrian officials.

Specifically, the CODEL, President Asad, and Foreign Minister Al-Muallim discussed a variety of regional, bilateral, and international issues, including the security situation in Iraq, particularly along the Syria-Iraq border, the status of Israeli-Syrian peace negotiations, the progress of humanitarian relief efforts in the Gaza Strip, and the future of Syrian-Lebanese relations.³ Additionally, as a final note, the meeting also included a discussion regarding the progress of Syrian government efforts to facilitate a secure site for a new Embassy of the United States facility in Damascus.

With respect to the security situation in Iraq and the state of security on the Syria-Iraq border, President Asad emphasized his interest in a stable, unified, and secure Iraq. President Asad also expressed Syria's intention to cooperate with the Government of Iraq and the United States on issues relating to the stabilization of Iraq. In response, the Delegation characterized Syria as an important regional neighbor, whose cooperation in Iraq could greatly serve to enhance the safety of American soldiers deployed in support of Operation Iraqi Freedom.

Regarding the status of Israeli-Syrian peace negotiations, President Asad asserted the importance of direct U.S. involvement in any future Israel-Syria peace negotiations. Additionally, President Asad emphasized the significance of progress towards an Israeli-Palestinian peace and specifically, a truce in the Gaza Strip, particularly considering humanitarian concerns in the region. In response, the Delegation emphasized the importance of a comprehensive Arab-Israeli peace, including future progress in terms of Israeli-Syrian relations. Furthermore, the Delegation characterized the current situation in Gaza as a humanitarian crisis and emphasized to President Asad that pending international aid to the region must be distributed in a transparent and fully accountable manner, so as to ensure that humanitarian assistance is not subject to political diversion to Hamas, waste, fraud, or abuse.

Concerning the current state and future of Syria's relationship with Lebanon, President Asad noted Syria's restoration of diplomatic ties with Lebanon in October of 2008, as well as the subsequent opening of an embassy facility in Beirut. In response, the Delegation noted the emergence of positive trends in Lebanese-Syrian relations and expressed optimism for the continued development of a genuine diplomatic relationship of mutual respect between the two countries.

³ In January of 2008, Rep. Lynch led a Congressional Delegation to Lebanon, which included meetings with Lebanese Prime Minister Fouad Siniiora and various members of the Lebanese Parliament.

On a final note, the CODEL's meeting with President Asad included a discussion regarding the Syrian Government's progress in facilitating a secure site for a new Embassy of the United States facility in Damascus. Specifically, the CODEL emphasized the importance of a location that would ensure and maximize the safety and security of U.S. personnel stationed in the region and expressed its hope that the site selection and approval process would not be subject to further unnecessary delay. In response, President Asad informed the CODEL that his government is in the stages of coordinating site possibilities with Damascus city officials, as well as urban planning engineers. Moreover, President Asad assured the CODEL of Syria's shared interest in a safe Embassy of the United States facility. It should be noted, however, that the CODEL members were unambiguous in their assessment that the current location of the Embassy facility in Damascus does not provide an adequate buffer area from vehicle-borne improved explosive devices. The CODEL believes that the Embassy relocation is a high priority, given that the current facility directly abuts a public street. Additionally, multiple bombing attempts have been thwarted over the past several months.

In general, the CODEL characterizes the meeting with President Asad as candid and constructive. While substantial differences between the U.S. and Syria remain, the CODEL is optimistic that with genuine effort on all sides, the U.S. and Syria can work constructively towards our mutual goals.

Meeting with Catholic Relief Services Regional Program Manager for the Middle East, Vivian Manneh

During its official business in Syria, the CODEL also sought to examine issues pertaining to Iraqi refugees. As noted by the Congressional Research Service, approximately 1.3 million Iraqi refugees fled to Damascus and its surrounding areas during the height of sectarian warfare in Iraq, between 2006 and 2007.⁴ While recent United Nations statistics indicate that an estimated 220,000 Iraqis who fled abroad or were internally displaced returned home in 2008, many refugees remain hesitant to return given their relatively higher standard of living and security in Syria.⁵ In light of the significant Iraqi refugee population in Syria, the CODEL met with Catholic Relief Services (CRS) Regional Program Manager for the Middle East, Vivian Manneh, as well as several Iraqi refugee families, at a CRS facility in Damascus on April 5, 2009.

As noted by Ms. Manneh, CRS provides shelter, health services, education, and legal assistance to the local Iraqi refugee population. Specifically, CRS has served over 1,500

⁴ See Congressional Research Service Report RL33487, *Syria: Background and U.S. Relations*, Jeremy M. Sharp, Specialist in Middle Eastern Affairs, March 11, 2009.

⁵ See *Id.*

families in Damascus and currently has approximately 4,000 names on its waiting list for assistance. Ms. Manneh additionally noted that her organization is currently awaiting a fourth grant, expected in October of 2009, from the U.S. Department of State, which has previously provided CRS with three 1-year grants totaling approximately \$4 million.

Following the discussion with Ms. Manneh, the CODEL met with several Iraqi refugee families that have received housing, medical, financial, and educational assistance from CRS. Each of these families recounted their flight from Iraq, necessitated by the violence and insecurity in the country between 2004 and 2007, and described their current plight as refugees in Syria, separated from many of their family members and unable to work, pay for adequate housing, food, and medical care. However, these families collectively emphasized the importance of CRS efforts in the region, as they have received direct assistance from the organization that has enabled them to pay for necessary surgeries, rent, and groceries.

The CODEL commended CRS for its efforts to address the plight of Iraqi refugees in Syria and committed to strongly supporting CRS' receipt of the funding necessary to run its program operations in Damascus.

II. State of Israel

During its official business in Israel, the CODEL sought to examine the current political and security environment in the country, particularly in light of the recent February 2009 Israeli national elections, and in particular, discuss the progress of humanitarian relief efforts in the Gaza Strip.⁶ To this end, the CODEL participated in separate meetings on April 6, 2009 with U.S. Consul General and Chief of Mission in Jerusalem, Jacob Walles, Kadima Party Leader Tzipi Livni, Udi Levy, head of the Israeli Financial Warfare Division, and Jihad-al-Wazir, Governor of the Palestinian Monetary Authority.

Meeting with U.S. Consul General in Jerusalem, Jacob Walles

Consul General Walles characterized the humanitarian situation in the Gaza Strip as complicated, given the absence of a formal cease-fire and the continued uncertainty regarding the rules governing the movement of humanitarian supplies into Gaza. According to Consul General Walles, Israel's southern and coastal open areas are currently subject to a couple of rocket attacks per week, though not necessarily fired by Hamas

⁶ Rep. Lynch & Rep. Inglis both previously visited Israel in June of 2008 as members of a congressional delegation, led by Rep. Lynch, that conducted an oversight visit to the town of Sderot to examine the impact of Palestinian rocket attacks.

militants, and the security situation in Gaza remains vulnerable to renewed military conflict.

Notably, Consul General Walles emphasized the importance of regional cooperation, so as to ensure that the international community, including the United Nations and non-governmental organizations working in Gaza, is able to adequately address the humanitarian needs of the Gazan population. In particular, Consul General Walles noted the need to ensure that legitimate physical currency is flowing into Gaza in order to support reconstruction efforts in the region. Consul General Walles contrasted the international community's current lack of liquidity in the Gaza Strip and the existing blockade on various international humanitarian aid supplies to the free flow of physical currency and supplies smuggled into Gaza by Hamas, through a network of underground tunnels. Consul General Walles discussed the possibility that Hamas' ability to smuggle currency and supplies into the region, absent a consistent flow of international aid and supplies, could serve to strengthen the militant group.

In response, the CODEL concurred that regional cooperation is essential to maximizing the international community's ability to address the humanitarian crisis in Gaza. Additionally, the CODEL emphasized the development and implementation of an aid distribution mechanism that is fully transparent and accountable, rather than subject to political diversion to Hamas, waste, fraud, or abuse.

Meeting with Kadima Party Leader Tzipi Livni and Financial Warfare Division Head Udi Levy

During separate meetings with Kadima Party Leader Tzipi Livni and Financial Warfare Division Head Udi Levy on April 6, 2009, the CODEL echoed its support for regional cooperation in support of international humanitarian relief efforts in the Gaza Strip. In addition, the CODEL again emphasized the necessity and urgency of distributing international aid and supplies quickly via a fully integrated, transparent, and accountable funding distribution system.

Notably, both Opposition Leader Livni and Mr. Levy expressed their significant concerns that international funds and supplies directed to the Gazan population would, in actuality, be appropriated by Hamas. In addition, Mr. Levy noted that currently, Israeli funds transferred to the Gaza strip are subject to a multi-tiered and multiple-entity vetting process before being distributed to a variety of banks. Moreover, Mr. Levy noted that reconstruction projects are identified, selected, and reviewed on a project-by-project basis, by a variety of qualified construction entities.

In response, the CODEL asserted the importance of an integrated relief and reconstruction mechanism, rather than the current multi-entity system described by Mr. Levy. Specifically, while the CODEL sympathized with concerns regarding the appropriation of funds and supplies by Hamas, the CODEL characterized the current system as having delays that undermine the peace process by seemingly arbitrary delays in the provision of aid to meet the basic needs of the Palestinian people. Moreover, it is the sense of the CODEL that the existing system endorsed by Mr. Levy could be objectionable to other donor nations. The CODEL expressed its hope that the Government of Israel would work with the United Nations and non-profit organizations towards the development of a completely integrated funding distribution system.

Meeting with Dr. Jihad Al Wazir, Governor of Palestinian Monetary Authority

The CODEL's official business to Israel also included an April 6, 2009 meeting with Dr. Jihan Al Wazir, Governor of the Palestinian Monetary Authority (PMA), at the U.S. Consulate compound in Jerusalem. As noted by Dr. Al Wazir, the PMA serves as the emerging Central Bank of Palestine and primarily seeks to contribute to the maintenance, stability, and effectiveness of the Palestinian financial system through comprehensive and transparent bank regulation, the development of monetary policy designed to achieve price stability, and the implementation and operation of modern, efficient payment systems.

With respect to the Gaza Strip the PMA plays an instrumental role in the stabilization of Gaza's banking sector through oversight of cash transfers, directed for the payment of non-government organization salaries, and the development and enforcement of anti-money laundering and anti-terrorism banking regulations. Dr. Al Wazir noted that the PMA has sought to alleviate the liquidity shortage in Gaza and keep Hamas out of the banking sector by drawing significant support from the international community, on the basis of the PMA's commitment to enforcing stringent anti-money laundering legislation. Specifically, the PMA has partnered with the Bank of Israel, other international financial institutions, and international leaders, including Envoy of the Quartet on the Middle East, Tony Blair, to conduct oversight of regional and international cash infusions into Gaza.

The CODEL was greatly encouraged by its meeting with Dr. Al Wazir and expressed optimism that the PMA will continue to play a significant oversight and enforcement role as the international community carries on its Gaza relief efforts.

III. The Gaza Strip

The 20-square mile area known as the Gaza Strip has been the subject of much international attention subsequent to the December 28, 2008 – January 18, 2009 military conflict in the region between Israel and Hamas. In particular, post-conflict attention has focused on the humanitarian needs of Gaza's estimated 1.5 million people, many of whom lack food, shelter, medical care, clean water, and electricity.

As noted by the Congressional Research Service, in March of 2009, the Obama Administration pledged \$900 million in U.S. assistance to the Palestinians to address humanitarian needs in the Gaza Strip, as well as reform, security, and development priorities in the West Bank.⁷ Additionally, for FY2009, approximately \$275 million in bilateral assistance has already been appropriated for the Palestinians, with the U.S. Department of State already contributing \$98.5 million to the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).⁸

In light of significant and continuing post-conflict humanitarian concerns in the Gaza Strip and the necessity of ensuring that U.S. and other international assistance to the region is not subject to diversion to Hamas, waste, fraud, or abuse, the CODEL sought to directly examine the progress of humanitarian relief and reconstruction efforts in Gaza.

Accordingly, on April 7, 2009, the CODEL entered the Gaza Strip with the assistance of officials from the UNRWA Gaza Field Office and conducted several notable site visits, as well as a meeting with John Ging, Director of UNRWA operations, Gaza.

Site Visit of Al Sheikh Zayed Park with Catholic Relief Services

During its official business in Gaza, the CODEL, accompanied by UNRWA Legal Officer Blake Dawgert, UNRWA Operations Support Officer, Saskia Marsh, and Catholic Relief Services (CRS) Deputy Country Representative, LeAnn C. Hager, conducted a site visit of the heavily-damaged Al Sheikh Zayed Park in North Gaza.

As noted by Ms. Hager, among the notable components of CRS' Gaza Program is *Gaza Youth Speak Out*, a CRS initiative dedicated to providing employment opportunities to Gazans in their early twenties. Specifically, CRS is partnering with youth groups in Gaza ,

⁷ See Congressional Research Service Report RS22967, *U.S. Foreign Aid to the Palestinians*, Jim Zanotti, Analyst in Middle Eastern Affairs, April 16, 2009.

⁸ See *Id.*

through funded research internships and the sponsorship of youth-led community projects, as a means of actively engaging young Gazans in their communities.

The rehabilitation of the Al Sheikh Zayed Park is one example of a CRS *Gaza Youth Speak Out* community project. Notably, the CODEL was able to meet with several young Gazan women and men volunteers, who collectively emphasized the importance of engaging Gazan youth in their communities and expressed enthusiasm about rehabilitating the park, with the donation of necessary construction materials and financial assistance. Additionally, the young women noted the significance of their ability to work alongside their male counterparts during the day, so as to empower other young Gazan women to do the same.

While noting the almost complete destruction of the park and surrounding neighborhood, the CODEL was greatly encouraged by the site visit and specifically, by the commitment and enthusiasm evidenced by the young women and men that have assumed the responsibility of rebuilding the Al Sheikh Zayed Park. The CODEL also informed the young workers that the people of the U.S. are genuinely concerned and care about the humanitarian situation in Gaza.

Site Visit to the American International School in Gaza

The CODEL, accompanied by UNRWA Legal Officer Blake Dawgert, UNRWA Operations Support Officer, Saskia Marsh, and American International School Board Member Sharhabeel Y. Al Za'eem, also conducted a site visit to the completely-destroyed American International School in Gaza (AISG) in North Gaza.

As noted by Mr. Al Za'eem, AISG accommodated approximately 600 students and as associated with Educational Services Overseas Limited, an association of American Schools in the Middle East. In addition, AISG's objective was to provide each student a progressive education through the use of an American curriculum and the promotion and appreciation of American history, representative democracy, and cultural diversity.

According to Mr. Al Za'eem, as well as UNRWA personnel, AISG was virtually destroyed during Operation Cast Lead in January 2009, shortly following the school's winter break. Mr. Al Za'eem and UNRWA officials noted that the school was reportedly targeted by the Israeli military in light of a belief that Hamas militants had fired weapons from its grounds.

Meeting with John Ging, Director of UNRWA Operations, Gaza

During its official business in Gaza, the CODEL also met with UNRWA Gaza Operations Director, John Ging, at UNRWA's Gaza Field Office.

As noted by Mr. Ging, UNRWA currently delivers a variety of educational, healthcare, relief, social, microcredit, and emergency services to the approximately 1 million Palestinian refugees living in Gaza, comprising more than 70% of the Gaza population. Specifically, UNRWA's Education Programme provides primary and vocational education to refugee children, with nearly 200,000 children taught in six elementary and three preparatory grades. In addition, the UNRWA Health Program currently operates 19 primary health care facilities in Gaza, providing one health center to every 66,200 refugees. Through its Relief and Social Services Programme, UNRWA distributes much-needed rations on a quarterly basis and provides technical and logistical assistance to community-based organizations. Furthermore, UNRWA's Micro-enterprise and Microfinance Programme serves as the largest financial intermediary to the small business and micro-enterprise sector in Gaza and focuses on lending to women-owned micro-enterprises. UNRWA also maintains an Infrastructure Programme, through which the organization plans and implements refugee camp improvement efforts, and an Emergency Programme, which focuses on job creation, immediate food assistance, shelter reconstruction, and cash assistance.

Throughout the meeting, Mr. Ging repeatedly noted UNRWA's general educational emphasis on upholding the rule of law and protection.

In addition, Mr. Ging discussed the difficulty posed by current restrictions on the flow of humanitarian aid supplies into the region, characterizing the constraints as extremely damaging to the Gazan population and capable of fostering extremism (Mr. Ging informed the CODEL that Gaza's estimated 1.5 million population includes approximately 700,000 men and women under the age of 18). While Mr. Ging asserted that he understood Israeli concerns about reconstructing Hamas through the delivery of reconstruction materials and financial assistance to the people of Gaza, he nevertheless asserted that the process of recovery and reconstruction in Gaza cannot begin without international relief organizations having unfettered access to deliver much-needed humanitarian supplies.

In response, the Delegation commended Mr. Ging for UNRWA's service and assistance efforts in Gaza and again recalled the necessity of regional cooperation and full transparency and accountability with respect to the distribution of international assistance.

Other general CODEL observations are notable. First, the total restrictions on travel that have been imposed on Palestinians has reinforced a 'seige' mentality among even the

moderate and tolerant residents of Gaza. Secondly, since the industrial zone in Gaza was destroyed and travel to jobs in Israel is now largely prohibited, the Palestinian unemployment rate for males aged 16-40 is nearly 70%. Thirdly, the blockade of many humanitarian and basic supplies has left the Palestinians no choice but to rely on the tunnel networks that are controlled by Hamas, which has strengthened its position in the daily lives of most Palestinians.

IV. Republic of India

During its official business in India, the CODEL sought to assess the progress made by India to strengthen its homeland security safeguards, particularly with respect to rail security, in the wake of the November 2008 terrorist attacks and the July 2006 Mumbai train bombings. Accordingly, the CODEL visited a number of the sites attacked by militants in November of 2008.

Additionally, the CODEL sought to examine efforts to address the plight of India's women rag pickers and child laborers. To this end, the CODEL directly met with rag pickers as well as leaders of a non-profit organization dedicated to providing educational and vocational training to these workers. Moreover, the CODEL conducted a site visit of an innovative biodegradable waste processing plant that employs women rag pickers.

Furthermore, the CODEL sought to examine issues pertaining to regional anti-terrorist financing and anti-money laundering efforts. Accordingly, the CODEL participated in a meeting with officials from the Federal Reserve Bank of India and a roundtable discussion with representatives and members of the Indian Banks Association.

November 2008 Terrorist Attacks in Mumbai

During its official business in Mumbai, the CODEL, accompanied by U.S. Consulate General personnel, visited several sites that were attacked by militants in November of 2008. Specifically, on April 8, 2009, the CODEL visited the Taj Mahal Palace and Oberoi Trident Hotels, as well as the Chabad House Jewish Cultural Center, and was able to pay its respects at several memorials erected in honor of attack victims, which included six Americans citizens.

Furthermore, the CODEL discussed the nature and regional and international implications of the militant attacks in detail during a roundtable discussion at the Taj Mahal Palace

Hotel led by U.S. Consul General in Mumbai, Paul A. Folmsbee and including Political and Economic Affairs officers from the Office of the Consulate General.

Site Visit with B.S. Dishu, Inspector General, Railway Protection Force, and Chief Security Commissioner, Chhatrapati Shivaji Terminus.

Additionally, on April 9, 2009, the CODEL conducted an extensive site visit of the Chhatrapati Shivaji Terminus, Mumbai's main railway terminal and also a target of the November 2008 attacks. The CODEL's site visit was led by B.S. Dishu, Inspector General of India's Railway Protection Force and Chief Security Commissioner of the railway station, and included an extensive discussion regarding rail security measures implemented nationwide following the November 2008 and previous railway-related attacks.

As noted by Inspector General Dishu, India has implemented a number of improvements to safeguard its Central Railway System, which spans 5,871 running track kilometers, covers 440 metropolitan and 94 suburban railway stations, and serves an estimated 4.2 million passengers daily.

Specifically, the Inspector General informed the CODEL that since 2004, the bulk of rail security responsibilities have been transferred to the national Railway Protection Force (RPF), a unit solely responsible for safeguarding railway passengers and property and ensuring public confidence in the Indian railways. Among a variety of new or enhanced security measures, the RPF has recently added an estimated 50 dog squads, 969 security cameras, 111 security monitors, and over 500 metal detectors to its rail security operations. Additionally, the RPF has implemented an integrated security system across the nation's railways, consisting of digital security systems, personal baggage screening systems, and explosives detection systems. Moreover, the RPF has established *Mitra Yojna*, community railway policing groups comprised of common citizens dedicated to strengthening information sharing regarding suspicious railway activity.

While the CODEL acknowledged major gaps in the Indian rail security apparatus which are related to the open access to these rail systems as well as the huge volume of daily passengers, the CODEL was encouraged by the attempted rail security enhancements that have been introduced by the RPF in Mumbai. Additionally, the CODEL believes that increased cooperation and information-sharing between the RPF and the U.S. Department of Homeland Security could greatly strengthen our own rail security operations.

Site Visits with Rag Pickers and Leadership of Stree Mukti Sanghatana

In furtherance of its mission to examine Indian efforts to address the plight of women rag pickers, the CODEL conducted a series of waste and recycling site visits in order to

directly interact with these workers. Specifically, on April 9, 2009, the CODEL visited a waste recycling shed, waste dump, and condominium association facility in Mumbai, where women rag pickers sort and collect waste. Notably, the CODEL was accompanied by Jyoti Mhapsekar, President of Stree Mukti Sanghatana, a non-profit organization dedicated to improving the lives of women rag pickers through economic, educational, and vocational assistance.

As noted by Ms. Mhapsekar, as well as the workers themselves, the responsibility of waste management and recycling in Mumbai has been assumed by the city's rag pickers, given the absence of a formal garbage collection system in Mumbai. Women form an estimated 85% of this informal workforce, which earns an average of approximately \$2 per day by salvaging and selling raw and recyclable materials. In addition to economic hardship, many of these workers suffer from a variety of illnesses and in particular, respiratory diseases. Moreover, many of these workers are concerned about the possible privatization of city garbage collection, since the awarding of city contracts to private waste management companies would most likely impede the rag pickers from pursuing their livelihood.

Despite their economic, educational, and medical hardships, the rag pickers praised the work of Stree Mukti Sanghatana (SMS), an organization, established in 1975 and led by Ms. Mhapsekar, that has directed its efforts towards the empowerment of women, regardless of caste, class, creed, religion, language, and nationality. As noted by Ms. Mhapsekar, SMS began its work with the women rag pickers of Mumbai in 1998 and via a partnership with the Municipal Corporation of Greater Mumbai, has initiated a variety of human development programs aimed at improving the lives of these workers. Specifically, SMS has succeeded in securing identity cards for the rag pickers, distributed micro-enterprise grants to rag picker women, and continues to provide financial counseling and vocational training at the organization's Training Institute, which the CODEL also visited.

Site Visit of Nisargruna Plant for Disposal of Biodegradable Waste

The CODEL supplemented its meetings with the women rag pickers and SMS by conducting a site visit of the innovative Nisargruna Plant for Disposal of Biodegradable Waste, located on the grounds of the Bhabha Atomic Research Centre. The Nisargruna Plant serves the dual functions of providing a cleaner and safer workplace for women rag pickers and promoting the use of an alternative waste management technique in order to address the transportation, health, and environmental costs associated with conventional waste management processes.

Specifically, in contrast to conventional plants, which are typically capable of processing only gober or human waste, the Nisargruna Plant has the capacity to process almost any

form of biodegradable waste, including kitchen waste, paper, grass, and dry leaves. Through the use of a mixer, the Plant processes solid waste into slurry and via an aerobic tank, converts the slurry into butyric, fumaric, acetic, and other organic acids. The resulting acidic slurry is subsequently converted to methane via an anaerobic tank. Notably, the Plant aims to generate “Zero garbage” and accordingly, utilizes recycled water for its processing of solid waste.

As noted by Nisargruna Plant management, the gas generated by the facility’s biodegradable waste management process can be used to produce electricity. In addition, the Nisargruna process also yields high quality and odorless manure, which is dug out from under the Plant’s settling tanks. Given its high organic contents, the manure can be used to improve the quality of humus in soil and therefore employed in nurseries and fields.

The CODEL commended the Nisargruna Plant’s management team for their work and particularly, their efforts to alleviate India’s accumulation of solid waste via an innovative waste management process.

Site Visit to Child Laborer Schools

In conjunction with its visits and meetings with the women rag pickers and SMS leaders, the CODEL also sought to examine the progress of non-profit organizational efforts to address the plight of India’s child laborers. Accordingly, the CODEL’s aforementioned visit with rag picker groups included accompanying the workers on their customary rounds and a visit to a dump site where many child laborers were employed. Additionally, on April 9, 2009, the CODEL conducted site visits to two schools for child services located in Mumbai’s slum areas and supported by Pratham, India’s largest non-profit organization working in the area of primary education.

Notably, the schools visited by the CODEL are components of Pratham’s urban direct educational programs, which are typically run in community-provided spaces and conducted by community volunteers. The schools are implementing Pratham’s flagship program, *Read India*, which seeks to improve the reading, writing, and arithmetic skills of children aged 6-14 years and over the past year, has served over 21 million children nationwide.

During its site visits to the schools, the CODEL had the opportunity to directly interact with the Pratham Program teachers as well as the students themselves, all of whom were current or former child laborers. Additionally, the CODEL was able to distribute much-needed school supplies and clothing to each student.

The CODEL commended the schools volunteers on their service to their community and expressed their belief that the educational foundation provided by the Pratham Program would not only create opportunities for the students but rather also strengthen their communities. It was notable that the Pratham programs operate in direct competition with Madrassas that also seek to serve as a refuge for Muslim children.

Meeting with Reserve Bank of India Officials

Given the city of Mumbai's relevance as India's financial capital, the CODEL also sought to examine the progress of Indian efforts to combat terrorist financing and money laundering activities. Accordingly, on April 8, 2009, the CODEL met with Reserve Bank of India officials Vinay Baijal (Chief General Manager) and Prashant Saran (Chief General Manager-in-Charge).

As India's Central Bank, the Reserve Bank is responsible for formulating, implementing, and monitoring national monetary policy so as to maintain price stability and ensure the adequate flow of credit to a variety of sectors.

In addition, pursuant to the Banking Regulation Act of 1949, the Reserve Bank of India Act of 1934, and related statutes, the Reserve Bank has also been entrusted with significant regulatory and monitoring authority over India's commercial banks. Accordingly, the Reserve Bank has played an instrumental role with respect to the development and implementation of commercial banking sector anti-terrorist financing and anti-money laundering practices.

Specifically, the Reserve Bank has periodically issued regulatory guidelines to commercial banks regarding Know Your Customer (KYC) norms, Anti-Money Laundering (AML) standards, and Combating Financing of Terrorism (CFT) principles based on recommendations set forth by the international Financial Action Task Force. Most recently, in 2008, the Reserve Bank issued revised KYC, AML, and CFT guidelines that mandate the adoption of customer acceptance, identification, risk management, transaction monitoring, and records preservation procedures as well as require the reporting of cash and suspicious transactions to India's Financial Intelligence Unit.

The CODEL was encouraged by the regulatory initiatives undertaken by the Reserve Bank to prevent and detect suspicious and illegal financial activity and commended Mr. Vaijal and Mr. Saran in this regard. However, after inquiring about the role that the Reserve Bank plays in the country's anti-terrorist financing and anti-money laundering framework once commercial banks have reported cash and suspicious transactions to the Indian Financial Intelligence Unit, the CODEL did express concern that the Reserve Bank does not follow up on Cash Transaction Reports and Suspicious Transaction Reports following

their submission. Accordingly, the CODEL recommended to Mr. Baijal and Mr. Saran that the Reserve Bank should continue to interact with India's Financial Intelligence Unit throughout the development and enforcement of suspicious and illegal financial activity cases.

Indian Banks Association Roundtable Discussion

The CODEL built upon its meeting with the Reserve Bank of India officials by participating in an April 8, 2009 roundtable discussion led by Dr. K Ramakrishnan, Chief Executive of the Indian Banks Association (IBA)⁹, and including a variety of high-level Indian commercial bank representatives. The roundtable focused on the development and submission of Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) by Indian commercial banks to the country's Financial Intelligence Unit and sought to foster a meaningful exchange of information between the CODEL, IBA officials, and the represented IBA member banks.

At the outset, Dr. Ramakrishnan emphasized the necessity of both regulation and supervision with respect to the healthy growth of banking systems and noted that the two concepts are complementary. Specifically, Dr. Ramakrishnan explained that supervision, *i.e.*, the oversight of individual bank performance to ensure regulatory compliance, cannot exist absent the implementation of comprehensive regulatory measures and that a regulatory framework cannot be successful without proper oversight. Accordingly, Dr. Ramakrishnan detailed the regulatory initiatives recently undertaken by the Reserve Bank of India to ensure that commercial banks are able to conduct meaningful oversight of individual transactions.

In particular, Dr. Ramakrishnan referred to the Reserve Bank's issuance of revised anti-money laundering and anti-terrorist financing guidelines in 2008. Pursuant to this revised guidance, commercial banks have taken steps to identify and verify customer identities through the use of reliable and independent source documents, data, and other information. In addition, banks have begun to perform risk categorization reviews of their customers at least once every six months and to periodically update their customer identification data. Banks have also adopted measures to ensure that all existing account holders and potential customers do not appear or are linked to any individuals or entities included in United Nations Security Council resolutions. Moreover, banks have been required to implement adequate screening mechanisms as an integral component of their personnel and recruitment procedures.

⁹ As noted by Dr. Ramakrishnan, the Indian Banks Association is a trade body whose membership currently consists of 155 financial institutions, including a variety of public and private sector banks as well as foreign and urban cooperative banks. The IBA proactively addresses legal, regulatory, and operational issues and works closely with the Reserve Bank of India and other government entities.

The CODEL commended Dr. Ramakrishnan and the IBA member representatives on their progress with respect to the advancement of anti-terrorist financing and anti-money laundering procedures and practices in India's commercial banking sector. In particular, the CODEL was impressed with the members' extensive knowledge regarding Know Your Customer guidelines and reporting procedures regarding Cash Transaction Reports and Suspicious Transaction Reports.

Furthermore, the CODEL noted the admirable work of the United States' own financial unit, the Financial Crimes Enforcement Network (FinCEN), which supports U.S. law enforcement agencies in international crime investigations and cooperates with over foreign government institutions to strengthen international money laundering standards via the international Financial Action Task Force. Specifically, the CODEL emphasized FinCEN's extensive experience with respect to the development of Suspicious Activity Report guidelines, given that Suspicious Activity Reports are the United States' equivalent to Suspicious Transaction Reports. In addition, the CODEL praised FinCEN's progress in promoting information-sharing among financial institutions in a manner that safeguards client confidentiality. Accordingly, the CODEL recommended that the IBA members, as well as FinCen, may benefit from a cooperative relationship in order to strengthen their respective anti-terrorist financing and anti-laundering best practices and procedures.

In response, Dr. Ramakrishnan noted that the IBA has already taken steps to exchange information and lessons learned with FinCen, informing the CODEL that the IBA received a delegation led by Patrick O'Brien, Assistant Secretary, Office of Terrorism and Financial Intelligence in September of 2008 to discuss illicit financial activity prevention and detection procedures.

V. Kingdom of Morocco

Meeting with Morocco Ministry of Finance Secretary General Abedeltif Loudyi and Morocco Financial Intelligence Unit President Hassane Abdellaoui

During its official business in Rabat, Morocco, the CODEL continued to examine issues pertaining to global anti-terrorist financing and anti-money laundering detection, prevention, and enforcement efforts. To this end, on April 10, 2009, the CODEL, accompanied by Chargé de Affaires Robert P. Jackson, met with Moroccan Ministry of Finance Secretary General Abedeltif Loudyi and the new President of the Morocco's

Financial Intelligence Unit, Hassane Abdellaoui. Notably, Morocco had launched its new FIU on the morning of the CODEL's visit.

At the outset, Secretary General Loudyi remarked on his satisfaction with Morocco's economic and assistance relations with the U.S., specifically noting the Millennium Challenge Account compact and the U.S.-Morocco Free Trade Agreement as contributing factors to economic growth. In addition, Secretary General Loudyi emphasized the technical assistance provided to Morocco by USAID.

In response, the CODEL expressed its support for a continuing relationship with Morocco and in particular, commended the Government of Morocco for its efforts to combat terrorist financing and money laundering activities through the inauguration of the new Moroccan FIU. The CODEL additionally recommended that FIU President Abdellaoui closely coordinate with the U.S. FIU, the Financial Crimes Enforcement Network (FinCEN), so as to ensure maximum integration with international financial authorities and promote comprehensive networking capabilities with respect to the development of FIU best practices.

FIU President Abdellaoui assured the CODEL that while the new unit will need time to recruit staff and delineate its responsibilities, Morocco's FIU will seek and accept U.S. guidance as it continues to develop. Moreover, Mr. Abdellaoui noted that his previous experience in the International Monetary Fund and the Moroccan Central Bank had evidenced the benefit of developing useful and compatible working relationships with international partners. Secretary General Loudyi additionally commented on the FIU's existing training relationship with the European Union (EU), through which the EU currently provides technical assistance to the Moroccan FIU and the Ministry of Finance.

On an additional note, the CODEL asked Secretary General Loudyi for an assessment of the impact of Government of Morocco policies on the appeal of extremism in the country. In response, Secretary General Loudyi highlighted a variety of steps that Morocco has taken towards democracy and the respect of human rights, including the implementation of social programs to reduce development disparities between urban and rural populations. Furthermore, Secretary General Loudyi noted that the adoption of reforms to increase transparency, including the inauguration of the new FIU and the establishment of a Central Agency for the Prevention of Corruption, have afforded citizens a greater stake in society. Secretary General Loudyi did note, however, that Morocco needs to continue to promote democracy, transparency, and accountability in government.

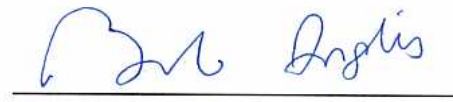
VI. Conclusion

The CODEL genuinely appreciated the opportunity to represent the United States as it conducted its official business in Syria, Israel, the Gaza Strip, India, and Morocco.

In particular, the CODEL would like to emphasize the great value of congressional delegations to the fulfillment of our congressional oversight duties. The opportunity to conduct direct oversight of areas, such as Syria and the Gaza Strip, that have not been subject to significant firsthand examination serves an invaluable role as Congress considers and develops corresponding policy responses.

Accordingly, the CODEL would like to thank the President of the United States, the Democratic and Republican Leadership in Congress, and the employees of the Department of State, the Department of Defense, and the Department of Treasury, including the Financial Crimes Enforcement Network, for their support of CODEL Lynch, as well as their courageous and important work on behalf of our nation.


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